Reading Questions for Tuesday, March 5, 2019

We ask you to submit comments on the following papers by midnight Monday March 3:

- The Economic Limits of Bitcoin and the Blockchain.
- Blockchain Economics.

Your comments should include both answers to the specific reading questions and generic response about the paper. You are welcome to include any questions you have about the paper in your comments. After submitting your own comments, you’ll be able to see others’ submitted comments. You can comment on others’ submissions and answer raised questions on Canvas. Discussion on Canvas is strongly encouraged.

1 Reading Questions

Abadi and Brunnermeier:

1. What is the baseline model of a static choice between ledgers? Explain the competition between different types of ledgers to show the tradeoffs between decentralization and cost-efficiency.

2. Explain the distinction between ownership and possession with distributed ledgers. Explain the issues of the need of an enforcer alongside a distributed ledger.

Budish:

3. In Budish’s model, what is \( \Delta_{attack} \)? What are the implications for attacks on the Bitcoin network if it is high? If it is low?

2 Generic Response

Respond to the papers following the guidelines in the course syllabus (under “Submit Comments and Presenting Papers”).